Government of Saskatchewan

Annual Report 1986-87

Saskatchewan Economic Development and Trade

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Table of Contents

	Page
Letters of Transmittal	2
Organization Chart	3
The Year in Review	4
Industrial Development Services Branch	5
Special Projects Branch	5
Major Projects Branch	6
Trade Promotion Branch	7
Trade Programs Branch	7
Trade Policy Branch	8
Trade Negotiations Secretariat	9
Policy Co-ordination Branch	11
Administration Branch	12
Public and Corporate Affairs Division	13

Letters of Transmittal

From the Minister

The Honorable F.W. Johnson
Lieutenant Governor of the
Province of Saskatchewan

Sir:

I have the honor to present herewith the Annual Report for the Department of Economic Development and Trade for the fiscal year ending March 31, 1987.

Respectfully submitted,

Bob Andrew
Minister
Saskatchewan Economic
Development and Trade

From the Deputy Minister

Honorable Bob Andrew
Minister Saskatchewan Economic
Development and Trade

Sir:

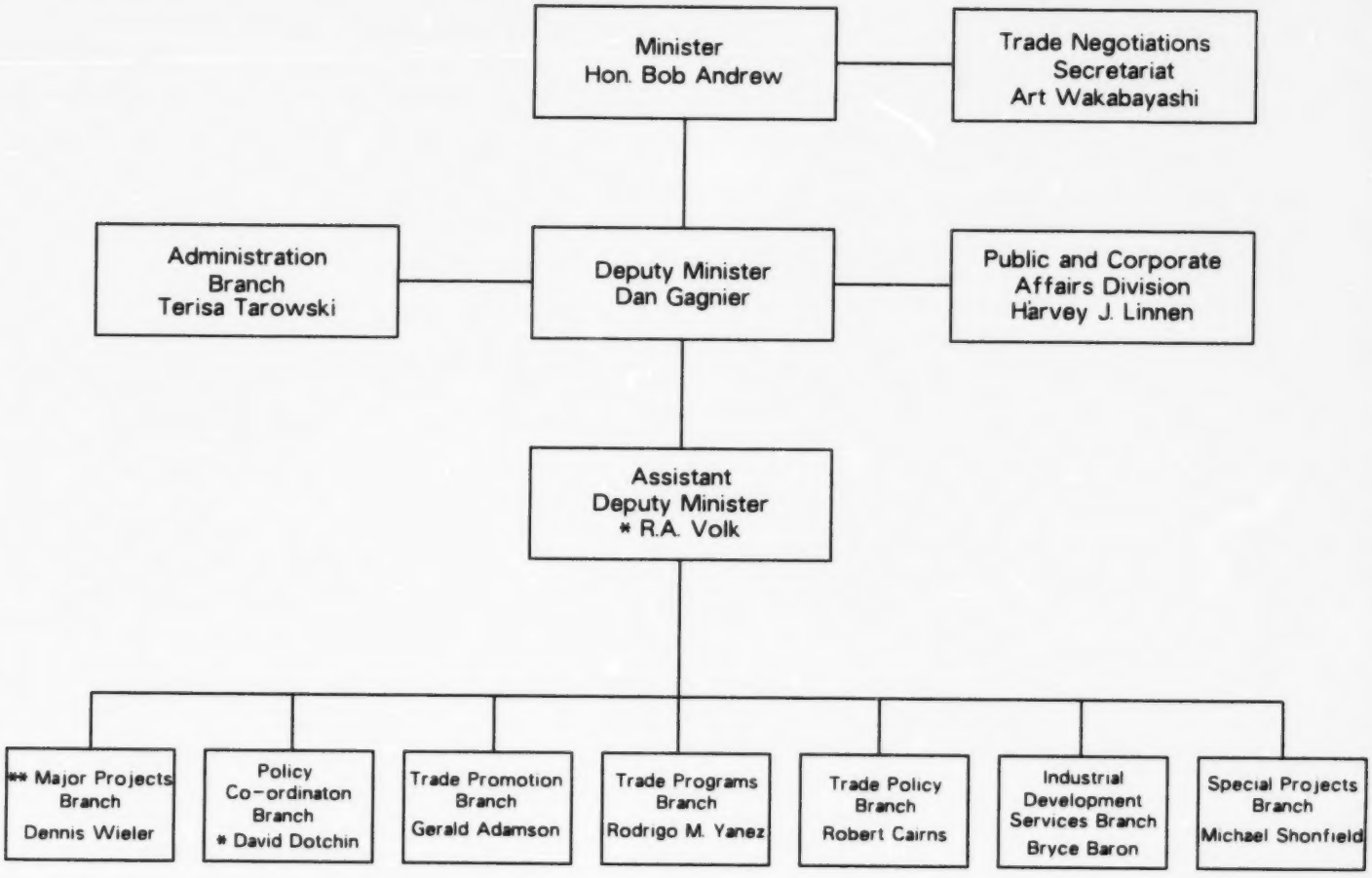
I have the honor to submit for your consideration the Annual Report for Saskatchewan Economic Development and Trade for the fiscal year ending March 31, 1987.

Respectfully submitted,

Dan Gagnier
Deputy Minister
Saskatchewan Economic
Development and Trade

Organization Chart

(March 31, 1987)



* Acting Position

** Major Projects Branch was transferred to the Buy Saskatchewan Agency in mid-year.

The Year in Review

- The department assisted prospective investors by sharing the costs of 26 market or feasibility studies.
- Projects initiated under the Industrial Incentive Program created 2,639 permanent jobs and resulted in more than $250 million in investment in manufacturing and processing facilities.
- The department developed a catalogue of Investment Opportunities to list projects that are seeking equity funds.
- Participation in investment shows and exhibitions in Hong Kong, Toronto and Ottawa, and at the World Business Showcase at Expo 86 in Vancouver, was undertaken to encourage investment in Saskatchewan.
- The department consulted with more than 550 businesses to give them information about accessing major projects.
- More than $220 million worth of public and private purchases were analyzed to identify opportunities that would bring new or expanded products and services into Saskatchewan.
- A private sector high technology trade mission to Japan was initiated and organized by the department, with assistance from the federal government.
- New trade opportunities were identified for more than 110 Saskatchewan companies.
- The Aid to Trade Program generated $67.3 million in sales for Saskatchewan exporters.
- The Market Development Fund provided financial assistance so 61 agricultural producers could expand their markets.
- The Trade Opportunities Program provided 18 recent graduates with training in export marketing, while they, in turn, helped Saskatchewan exporters expand their markets and exports.
- The department developed Saskatchewan's response and protected the province's interests in the softwood lumber dispute with the United States.
- The Trade Negotiations Secretariat was created to formulate and direct the development of Saskatchewan's input into Canada's preparations for the Canada-U.S. and GATT trade negotiations.
- Saskatchewan's Trade Negotiations Representative chaired the Saskatchewan Public Consultations on Trade Negotiations, which elicited views from a range of groups and individuals who would be affected by the outcome of the Canada-U.S. trade negotiations.
- The department developed strategies and priorities for the further development of the agricultural/food processing industry.
- The department carried out 15 studies, which analyzed the market conditions, opportunities and constraints facing a wide range of Saskatchewan manufacturers and processors.
- The Administration Branch returned to the department to provide a wide range of services -- from accounting and budgeting to inventory control and human resources management.
- Automated services were enhanced to expand the department's business database services.
- The department co-ordinated and operated a six-month exhibit at the World Business Showcase at Expo 86 in Vancouver.

Industrial Development Services Branch

The Industrial Development Services Branch encourages and supports industrial development and diversification in Saskatchewan by promoting the province as an industrial location and by providing a range of facilitative services to prospective investors.

Promoting Saskatchewan

Independently and in co-operation with other branches, departments and agencies, the Industrial Development Services Branch promotes Saskatchewan around the world. Major promotional initiatives in 1986-87 included: participation with an exhibit in the World Business Showcase in Vancouver, which ran for the duration of Expo 86; attendance with major exhibits at the Ottawa High Technology Show, the Money '86 international investment show in Hong Kong, and Opportunities Canada '86, which was an international investors' forum held in Toronto; a direct mail campaign to more than 2,000 companies in selected U.S. states; and advertising in a limited number of select business publications.

Providing services for investors

In 1986-87 the branch continued to provide facilitative services for prospective investors from inside and outside the province. These services included providing business information, counselling, referral and matching services. During the year the branch assisted financially in sharing the costs of 26 market or feasibility studies, representing a government contribution of $203,427.

The Investor Information Data Base was updated and expanded, and the branch continued to provide customized information packages. In addition, the branch developed a catalogue of Investment Opportunities. This catalogue listed more than 130 projects in Saskatchewan which are seeking equity funds, and it has been distributed to federal and provincial representatives around the world.

Encouraging investment through incentives

The branch continued to have responsibility for the delivery and administration of the Industrial Incentive Program, approving 288 applications in 1986-87. These projects represent a private sector commitment to create 2,639 jobs and to invest more than $250 million in manufacturing and processing facilities in Saskatchewan. During its three years of operation -- from April 1, 1984 to March 31, 1987 -- the Industrial Incentive Program has been associated with 560 projects. When all projects are completed, they will have created 4,649 jobs and resulted in nearly $400 million of new industrial investment in Saskatchewan.

Special Projects Branch

The Special Projects Branch works with industry and potential investors to assess the need for, and negotiate the amount and form of, government funding for special projects. These projects are not eligible for assistance under government programs, or require funding over what is provided through government programs. The branch evaluates the financial viability and provincial impact of each project to support a government decision to approve or reject funding.

This highly analytical branch researches, models and assesses specific projects in response to direct industry requests or through its own research into specific industrial opportunities. During 1986-87 the branch focused primarily on ethanol production and farm chemicals. Projects were also assessed and pursued in forest products, the food and beverage industry and high technology electronics.

Special Projects reviews Investment Canada applications and during this fiscal year was involved in federal/provincial task forces dealing with investment, incentive programs, and interprovincial trade barriers.

Assessing and negotiating for Saskatchewan

The branch examines requests for large-scale funding on a discretionary basis, similar to how a private sector company looks carefully at investments it plans to make. Using computer models and on-line data bases, in-house assessments of requests are made, instead of relying on the firm's financial statements. After the assessment, the branch negotiates with the firm, bargaining for terms of agreement that will benefit Saskatchewan.

Major Projects Branch

The Major Projects Branch brings major project developers together with Saskatchewan suppliers so that Saskatchewan firms and labor can gain a larger share of the provincial construction market.

Keeping Saskatchewan firms informed

The branch identifies commercial, industrial and manufacturing opportunities generated by projects of $10 million or more. This information is passed on to Saskatchewan businesses through the Major Projects Inventory, a semi-annual listing of all major projects planned or under way. The branch also issues the Industrial Benefits Bulletin every six weeks through the Public and Corporate Affairs Division. This newsletter breaks down major projects by providing specific project details, lists of materials to be used, and advice on how businesses should get involved.

Ensuring Saskatchewan content

The branch monitors the procurement system for every major project, ensuring supply specifications are realistic for Saskatchewan businesses, and that provincial companies are on the bidding list. Through this work, about 30 per cent more Saskatchewan companies were on the bidding lists for major projects in 1986-87 over the previous year, and more than $44 million worth of contracts were awarded to Saskatchewan firms in many areas of business.

The branch negotiated with developers on 50 major projects to ensure bid packages were scaled down to sizes more manageable for Saskatchewan firms. Major Projects also intervened in more than 220 cases to ensure bids were fairly evaluated -- so that value and local content were given importance.

Helping local suppliers

The branch examines the 75 to 80 major projects under way in Saskatchewan at any given time, and identifies relationships between them to assist Saskatchewan suppliers in expanding their markets or developing new product lines.

In 1986-87, the branch analyzed more than $220 million worth of public and private purchases to identify opportunities that would bring new or expanded products and services into Saskatchewan. Working with the Public Sector Procurement Task Force, the branch saw Saskatchewan firms manufacture health care supplies, computer components, office furniture and salt storage bins, and repair uranium mine pumps -- all products and services which were previously imported.

To further the development of new suppliers, the branch identified more than a dozen opportunities this year to transfer new technologies to Saskatchewan.

In 1986-87, the branch helped more than 550 businesses access major project opportunities -- including assistance on bonding, joint-venturing, bid preparation and market analysis.

Trade Promotion Branch

The Trade Promotion Branch encourages and supports Saskatchewan producers and manufacturers to export their products and services to other parts of Canada, to the United States, and to offshore markets.

Establishing priority markets

In 1986-87 the branch continued to concentrate on market opportunities in the U.S. -- Saskatchewan's number one export market and source of investment. Trade representatives in New York and Minot facilitated these efforts.

Secondly, it directed its trade promotion efforts toward the Asia Pacific region with emphasis on the People's Republic of China, Japan, Hong Kong and Australia. Saskatchewan's trade office in Hong Kong continued to build the province's Chinese trade.

The branch also maintained its efforts in developing relations with the Canadian International Development Agency, the Canadian Commercial Corporation, the World Bank, and other international financial institutions to identify opportunities for Saskatchewan companies to bid on third world development projects.

Taking Saskatchewan to the world

In the past year, the branch participated in 10 trade shows throughout the world, attended by more than 200 Saskatchewan businesses. As well, the branch helped a group of Saskatchewan high technology companies organize a high tech mission to Japan in April, 1986.

Bringing buyers to the province

In 1986-87, the branch hosted more than 20 visits of international buyers, introducing more than 110 Saskatchewan companies to new trade opportunities. Many of these visitors came from the Asia Pacific region, which is the fastest economic growth area in the world and already our second largest export market.

Trade Programs Branch

The Trade Programs Branch administers four programs -- three provide financial assistance for Saskatchewan companies to market their products and services, while the fourth encourages foreign entrepreneurs and investors to immigrate to Saskatchewan.

Helping companies find new markets

The Aid to Trade Program offers financial assistance for market research, product promotion, sample shipment and other approved export marketing activities. In total, 891 projects (including carry-overs from previous years) received disbursements amounting to $579,561 in 1986-87. These projects generated $67.3 million in sales for Saskatchewan exporters -- more than triple the sales generated the previous year.

The Market Development Fund provides financial assistance for agricultural producers who want to expand their markets. In the past year, the branch supported projects initiated by 61 Saskatchewan organizations, for a total of $295,033 in assistance. The number of projects supported represented an increase of 38.6 per cent over the previous year.

The Trade Opportunities Program has the dual objectives of assisting Saskatchewan exporters to expand their international marketing capabilities, and of providing training in export marketing for recent graduates. For companies hiring eligible graduates, the program will pay 50 per cent of the employee's base salary to an annual maximum of $13,000, and 50 per cent of approved export travel expenses to an annual maximum of $5,000, each for a two-year period. In 1986-87, the branch assisted 18 graduates through the program. As a result, the companies employing these graduates have created or expanded their export sections, and expanded their sales accordingly.

Seeking investment and entrepreneurs from abroad

The Business Immigration Program encourages immigrants to establish business ventures, make investments and apply their skills in Saskatchewan. In 1986-87, 41 of these immigrants arrived in the province, with plans to invest $5,703,000 in business ventures and to create 127 full-time and 12 part-time jobs. The immigrants are settling throughout the province, establishing 31 new businesses and purchasing eight existing businesses. Their ventures will range from manufacturing, specialized agriculture and the hospitality industry, to wholesale distribution, retail and service businesses. Hong Kong continues to be Saskatchewan's leading source of business immigrants, with 30 arriving in 1986-87. The remainder came from Germany, South Africa, the United States, Costa Rica, Belgium, Japan and Nigeria.

Trade Policy Branch

The Trade Policy Branch works to help secure and improve the access which Saskatchewan exporters enjoy in existing and new international markets.

Protecting Saskatchewan's trade interests

During the past year, the branch took an active role in developing Saskatchewan's response and protecting the province's interests in the softwood lumber dispute with the United States. It also monitored U.S. Congressional consideration of natural resource subsidy legislation and omnibus trade legislation, and kept the province informed as to the effects of the product liability insurance issue on Saskatchewan exporters of manufactured products and services to the U.S.

As well, the branch represented Saskatchewan in discussions with the federal government over a response to a GATT Panel on Canadian liquor listing and pricing policies, which was initiated by the European Community.

Providing analysis and expertise

Other activities of the branch included completion of the compilation and analysis of the 1985 trade statistics for the province, and provision of information and technical advice to the Saskatchewan Trade Negotiations Secretariat and other government departments and agencies. Also, the department seconded one branch professional staff member to the Trade Secretariat.

Trade Negotiations Secretariat

Background

In the early fall of 1985, Prime Minister Mulroney and President Reagan agreed to initiate discussions leading to the signing of a comprehensive bilateral trade agreement by Canada and the United States. At the November, 1985, First Ministers' Conference, the Prime Minister agreed that provincial governments would participate fully in the Canada-U.S. trade negotiations as well as in the eighth round of General Agreement on Tariffs and Trade (GATT) negotiations to be launched in Uruguay in September, 1986.

Both sets of negotiations hold the potential to have major impacts on the Saskatchewan economy. The bilateral negotiations will provide Saskatchewan with a window through which we can secure and improve U.S. access for our major export products -- potash, uranium, oil, forest products, livestock and steel. They will also ensure secured access for new Saskatchewan products which will flow from the province's policy thrust toward diversification.

The GATT, or multilateral, negotiations will impact Saskatchewan primarily in the areas of agriculture and resource products. GATT members have agreed for the first time to negotiate rules governing trade in agricultural products. A major objective of Saskatchewan, Canada, and other agricultural traders is that the negotiation of such rules will result in a return to market-oriented commodity production over the next 10 years.

Formation of the Trade Negotiations Secretariat

As a result of the importance of both sets of negotiations to the province, the Government of Saskatchewan established the Saskatchewan Trade Negotiations Secretariat in May, 1986. Headed by the province's Trade Negotiations Representative, it was designed to operate as a central co-ordinating agency with administrative aspects falling under the Department of Economic Development and Trade. The Secretariat was created by a Treasury Board Order, and given a lifespan of five years. However, its status and mandate will be reviewed in the latter part of fiscal year 1987-88.

A clear mandate

The Secretariat has the mandate to formulate and direct the development of Saskatchewan's input into Canada's preparations for both the bilateral and multilateral negotiations. The Secretariat co-ordinates and manages the advice and expertise obtained from sectoral departments on all tasks specifically related to both sets of negotiations.

Objectives

The objectives of the Trade Negotiations Secretariat include:

- Identifying and formulating Saskatchewan's objectives and interests in the Canada-U.S. and GATT negotiations;
- Representing and pursuing these objectives and interests in the negotiations;
- Assessing the impact (policy, economic, public) of proposed negotiating options raised during the negotiations;
- Formulating and pursuing Saskatchewan's negotiating strategy and positions; and
- Advising and assisting government departments in their management of bilateral trade irritants and issues being dealt with outside the negotiating process, but nevertheless linked to the negotiations.

Looking out for Saskatchewan's trade interests

During 1986-87, the Trade Negotiations Secretariat was engaged in numerous projects and activities related to the bilateral and multilateral trade negotiations.

- In the summer of 1986, the Secretariat prepared the "Saskatchewan Backgrounder on Trade." The paper, which focused on the bilateral trade negotiations, was designed to supply facts and figures to provide a better understanding of the forces that affect Saskatchewan's trade opportunities now and in the future.

  The backgrounder also provided preliminary information to those industries, individuals and organizations submitting briefs to the Commissioners of the Saskatchewan Public Consultations on Trade Negotiations, announced by the Government of Saskatchewan on June 18, 1986.

- The Saskatchewan Public Consultations on Trade Negotiations, chaired by the Saskatchewan Trade Negotiations Representative, were launched to elicit views and discussion on trade issues with a wide range of organizations, businesses, unions and individuals involved in trade or affected by the outcome of the Canada-U.S. trade negotiations. The consultations also focused, to a lesser degree, on the multilateral trade negotiations. The views expressed by the participants have been a valuable component of Saskatchewan's position in the ongoing negotiations.

  The Trade Negotiations Secretariat provided anlaytical and technical support to the consultations program and assisted the commissioners in preparing the "Final Report on the Saskatchewan Public Consultations on Trade Negotiations", released publicly on January 16, 1987.

- Throughout 1986-87, the Secretariat assisted the federal Trade Negotiations Office and Canada's Chief Negotiator, Simon Reisman, in developing Canada's negotiating strategies for both the Canada-U.S. and GATT negotiations. The Secretariat has provided input through monthly meetings of the Continuing Committee on Trade Negotiations (CCTN), chaired by Ambassador Reisman, and through meetings of federal/provincial working groups on the major negotiating issues.

- The Secretariat conducted analyses of proposed United States trade bills and other U.S. legislation that impacts on Saskatchewan exports. Based on this work, the Saskatchewan government communicates its concerns to the United States government through the federal government.

- The Trade Negotiations Secretariat developed positions on all major bilateral negotiation issues after assessing their impacts on the province. Particular attention was paid to the areas of agriculture, resources and bilateral trade rules/dispute settlement.

- The Secretariat worked closely with the federal government to develop Canada's position on agriculture in the GATT negotiations.

- The Secretariat was responsible for developing Saskatchewan's positions on all trade negotiation issues for the four First Ministers' Meetings on Trade held in June, September and November, 1986, and March, 1987.

Policy Co-ordination Branch

The Policy Co-ordination Branch is responsible for policy development and analysis, sectoral analysis, program development and assessment, financial planning, inter-agency liaison, issue management and executive response.

Our clients are other branches of the department, other government departments, industry associations, specific firms and sectors in the province's manufacturing and business communities.

Assisting manufacturers and processors

In 1986-87, the branch analyzed the specific growth and diversification needs and constraints to the province's food and beverage sector, plastics industry and alfalfa industry, and developed strategies and priorities for the further development of the agricultural/food processing industry. As well, the branch began to develop a mechanism through which advanced technology firms in the province, including some of the smaller firms, may be able to join forces to access CIDA/World Bank contracts and thereby sell their services to developing countries.

Acting for the government

During the year, the branch carried out 15 studies which analyzed the market conditions, opportunities and constraints facing a wide range of Saskatchewan manufacturers and processors. It also reviewed the efficiency and effectiveness of departmental incentive programs, and continued discussions with the federal government on harmonizing programs and services for business. The branch chaired an interdepartmental committee reviewing specific concerns of the steel industry, and participated in several inter-departmental committees and steering groups, including the Canada/Saskatchewan New Technology Steering Committee and its various working groups. Policy Co-ordination Branch also represented Western Canadian and Saskatchewan interests in ongoing federal/provincial co-ordinating committees (Forest Industries Development Committee), trilateral co-ordinating committees (Canadian Steel Trade Conference Inc.), and the management committee of the International Business Research Centre of the Conference Board of Canada.

Working well with other agencies and governments

In this fiscal year, the branch provided assistance in designing the Economic Development Programs of the Canada-Saskatchewan ERDA Subsidiary Agreement on Irrigation Based Economic Development, and provided co-ordinating support to the federal/provincial committee that administers these programs. The branch also co-ordinated the preparation of briefings for federal/provincial industry ministers' meetings; began representing the department on federal/provincial task forces dealing with investment, interprovincial trade barriers and regional development programming; and monitored, and provided input into, a number of federal proposals including the western diversification initiative and proposed reforms to the unemployment insurance system.

Keeping the government informed

In 1986-87, the branch continued to produce a monthly departmental project inventory and a departmental briefing book, and prepared and co-ordinated briefings and analyses for the Minister and senior management on a wide variety of issues and topics.

Administration Branch

The new Administration Branch offers a broad spectrum of services, including: financial management, accounting, budgeting, property acquisition, space accommodation, co-ordination of systems acquisition and human resources management.

Background

On August 1, 1986, the administrative services functions and a staff of seven were transferred to the department from the former host agency, Saskatchewan Supply and Services.

The Department of Economic Development and Trade has not had its own administrative branch within its organization since December 1, 1983, when a major reorganization split the Industry and Commerce Department into the Department of Tourism and Small Business and the Department of Economic Development and Trade. Along with the creation of two departments, the assignment of the administration function went to Tourism and Small Business. This function was consolidated with the Department of Supply and Services in April, 1985. In August, 1986, when steps were taken to decentralize certain administrative support functions throughout several departments, support activities were re-established within Economic Development and Trade.

Effective financial management

Responsibilities of the new branch include manangement of the department's financial activities by providing effective leadership, control and co-ordination in areas of budget preparation, fiscal forecasting and expenditures. Professional accounting services are considered to be a major function of the branch. The branch is the departmental link between the central agencies of government.

Enhancing productivity

By centralizing a broad spectrum of support services, the branch is better able to serve the department. On behalf of the department, the branch manages procurement and maintenance of equipment and assets, inventory, supplies and vehicles, mail and telephone services, co-ordination of parking, furniture and space requirements. The mailroom/stockroom function is a centralized service also provided to the Department of Tourism and Small Business.

In 1986-87, the department continued to increase the efficiency and effectiveness of program delivery through the use of computer-based technology. The co-ordination of this function also involved administering the SaskComp accounts.

Managing human resources

The personnel-human resources management unit provides services in the area of staffing, benefits administration, identifying training needs, performance management programs and personal consultations. Activities are co-ordinated with the payroll administration support unit in Department of Finance and the Public Service Commission. This unit ensures application of the Public Service Act and Regulations as well as a Public Service Collective Agreement. It also administers the Occupational Health and Safety Act, and the Workers Compensation Act.

Public and Corporate Affairs Division

The Public and Corporate Affairs Division provides public affairs services to the government and the minister; to the department as a whole and the specific branches within the department; and to the Saskatchewan business and manufacturing community. The division undertakes communications projects which promote Saskatchewan exports, attract out-of-province investment, encourage industrial development, and promote departmental programs and services.

Public and Corporate Affairs works in support of the other branches in the department to produce and distribute speeches, news releases, pamphlets, booklets, technical publications, video productions, ads, exhibits and specialty promotional items. This also involves the department's participation in trade and investment shows, official openings, news conferences and various special events.

Increasing efficiency within the department

Automated services implemented in the previous year were further enhanced in 1986-87, allowing expansion of the department's business database services as well as significant cost-saving from computerization of publications.

Spreading the word about Saskatchewan

In 1986-87, Public and Corporate Affairs co-ordinated or assisted in approximately 20 trade and investment shows, as well as numerous special events. More than two dozen publications were produced, along with a wide range of advertisements in Canadian, American and off-shore publications.

A major project of the year was co-ordination and operation of the department's six-month exhibit as part of the World Business Showcase at Expo 86 in Vancouver. Through this exhibit, promotion of Saskatchewan investment and trade opportunities was directed to an international audience. Business contacts were established for the many Saskatchewan companies which used the exhibit to promote their products and services.

Working with the private sector

Public and Corporate Affairs continued to encourage private sector involvement in investment and trade shows. For example, companies and organizations participated with the department in a major high technology show in Ontario as well as in other sector-specific shows and, of course, the World Business Showcase.